



SR 99 Tunnel Toll Rate Options ***Update & Recommendation***

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Today's Purpose

- Review analysis & public comment for SR 99 Tunnel toll rate options.
- Select preferred SR 99 Tunnel toll rate option for additional public input.

Proposed Toll Rate Options

The Washington State Transportation Commission is considering three possible options for how tolls* would change at specific times of day and in the future:

*Rates listed are the price for customers with a Good To Go! pass. Drivers without a Good To Go! account will pay an extra \$2 per toll.

Option A

WEEKDAYS

| | |
|------------|--------|
| 6am - 7am | \$1.25 |
| 7am - 9am | \$1.50 |
| 9am - 3pm | \$1.25 |
| 3pm - 6pm | \$2.25 |
| 6pm - 11pm | \$1.25 |
| 11pm - 6am | \$1.00 |

| | |
|----------|--------|
| WEEKENDS | \$1.00 |
|----------|--------|

Option B

WEEKDAYS

| | |
|------------|--------|
| 6am - 7am | \$1.25 |
| 7am - 9am | \$1.50 |
| 9am - 10am | \$1.25 |
| 10am - 2pm | \$1.00 |
| 2pm - 3pm | \$1.50 |
| 3pm - 6pm | \$2.25 |
| 6pm - 8pm | \$1.50 |
| 8pm - 6am | \$1.00 |

| | |
|----------|--------|
| WEEKENDS | \$1.00 |
|----------|--------|

Option C

WEEKDAYS

| | |
|------------|--------|
| 6am - 7am | \$1.25 |
| 7am - 9am | \$1.50 |
| 9am - 3pm | \$1.25 |
| 3pm - 6pm | \$2.25 |
| 6pm - 7pm | \$1.75 |
| 7pm - 11pm | \$1.25 |
| 11pm - 6am | \$1.00 |

| | |
|----------|--------|
| WEEKENDS | \$1.00 |
|----------|--------|

Option A

Tolls increase 3 percent every three years starting 2022 (including nights & weekends).

Option B

Tolls increase 3.5 percent a year from 2020 – 2024 (no change to nights & weekends).

Option C

Tolls increase 5 percent in 2024, 2029, and 2034 (including nights & weekends).

Notes:

- All rates are for 2 axle vehicles with Good to Go! pass. Rates increase per additional axle.
- Exemptions proposed to be consistent with other bridge facilities including buses, emergency vehicles, rideshare vans, highway maintenance vehicles, and incident response vehicles.
- Toll rates assume current financial assumptions – reviewed annually.

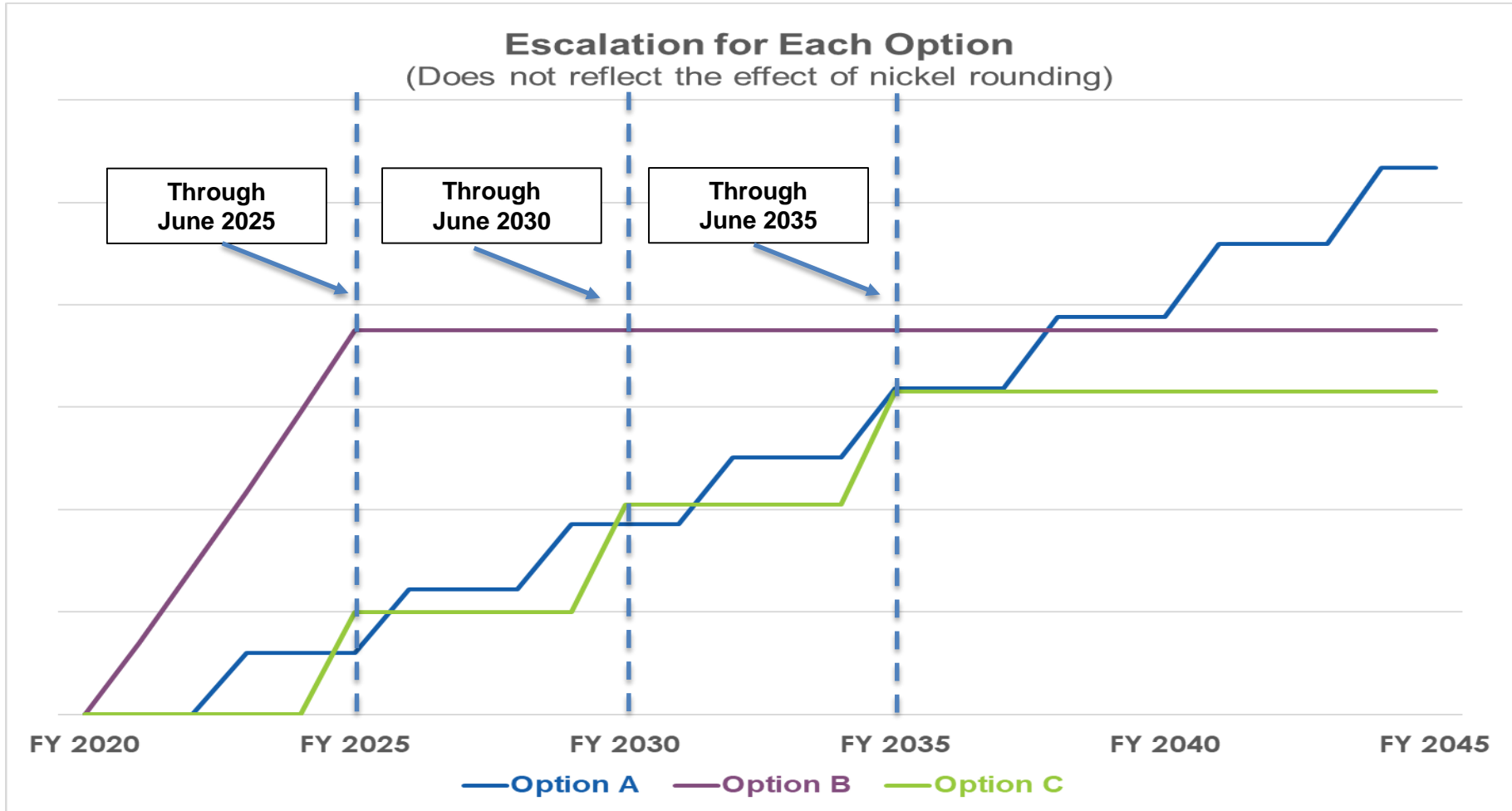
Proposed Toll Rate Options Escalation

- Proposed rate increases (escalation) enables lower rates initially, while meeting long-term financial commitments.
- Proposed escalation results in a range of toll rate changes. For example:

| Toll Options | Through June 2025 | Through June 2030 | Through June 2035 |
|-----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Option A | <ul style="list-style-type: none"> \$0.05 increase 1 rate increase: July 2022 | <ul style="list-style-type: none"> \$0.10 additional increase 2 rate increases (July 2025, 2028) | <ul style="list-style-type: none"> \$0.10 additional increase 2 rate increases (July 2031, 2034) <i>Additional increases every 3 yrs.</i> |
| Option B <i>No overnight & weekend escalation</i> | <ul style="list-style-type: none"> Total of \$0.25-\$0.50 increase, depending on time of day 5 rate increases (annual) <i>No additional rate increases</i> | <ul style="list-style-type: none"> <i>No rate increases</i> | <ul style="list-style-type: none"> <i>No rate increases</i> |
| Option C | <ul style="list-style-type: none"> \$0.05 - \$0.10 increase, depending on time of day. 1 rate increase (July 2024) | <ul style="list-style-type: none"> \$0.05 - \$0.10 additional increase, depending on time of day. 1 rate increase (July 2029) | <ul style="list-style-type: none"> \$0.05 - \$0.10 additional increase, depending on time of day. 1 rate increase (July 2029) <i>No additional rate increases</i> |

- Escalation steps will be subject to Commission review before going into effect.

Proposed Toll Rate Escalation Comparison



Escalation Rate Notes

- Option A escalation has no end date.
- Option B: No overnight or weekend escalation
- Escalation amounts may be revisited by Commission

Rate Setting Goals

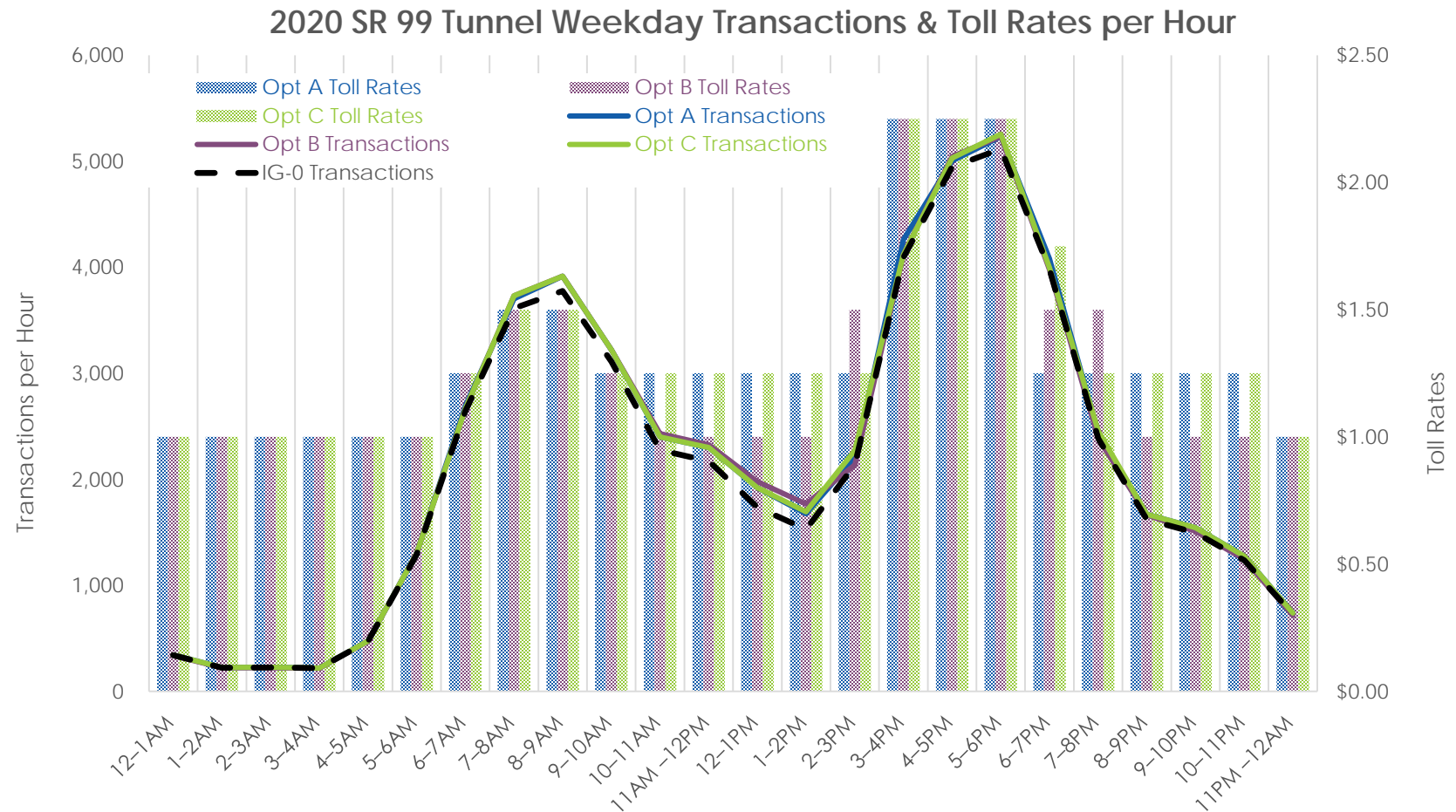
The Commission determined the following goals for setting SR 99 tunnel toll rates and policies:

- Minimize toll rates and diversion.
 - Particularly during initial years of tolling as downtown Seattle construction limits capacity of alternate routes.
- Meet all legally required financial obligations with a sustainable toll rate plan.
- Support reliable facility performance and a toll payer experience consistent with other toll facilities.

Goal: Minimize Rates & Diversion

- Proposed toll rate options all result in less diversion than baseline (IG-0) toll rates.
 - Primary benefit during mid-day hours.
 - IG-0 toll rates mostly between \$0.25-\$0.50 higher than rates for the 3 toll rate options.
- Proposed toll rate increases (escalation) are not estimated to significantly increase diversion.
 - Most likely impact during mid-day hours.

Initial Toll Rates: Traffic Forecast Observations



- All toll rate options move more traffic through the tunnel than baseline (IG-0) – less diversion.
- Traffic differences between Options A, B, & C are within the model's margin of error.
 - Largest distinctions during the mid-day hours.
 - Little traffic effect from variations in peak shoulder hours or evening rates.

Goal: Meet Financial Obligations

- All toll rate options meet current financial obligations:
 - Meet funding requirements directed by the Legislature.
 - Meet or exceed proposed minimum coverage ratios for debt service & sum sufficiency.
 - Fully fund toll R&R reserve account.
 - Do not fully fund potential tunnel facility R&R reserve account.
- Toll Options differ in how well they meet financial obligations.
 - Differences in projected annual net toll revenue levels and growth.
 - Variations in reliance on revenue stabilization account.

Goal: Reliable & Consistent Experience

- Alignment with exemptions proposal
 - More consistent user experience with other facilities.
 - Support for maintaining a reliable facility.
- Weekday peak hours consistent with SR 520, as supported by projected traffic volumes.

Public Comment Recap on Toll Options

- About 15 comments from the 3 public input meetings.
- Received over 1900 email comments.
- Partner Agency Input Letters
 - City of Seattle & King County Metro
 - Support for Toll Option A
 - Prior comments
 - Port of Seattle & Seattle City Council

Stakeholders: Rate-Setting Feedback

Primary Rate-Setting Feedback

- Consider long-term rate escalation tied to cost inflation
- Set rates by time period that best mitigate diversion
- Consider near-term rate escalation to address “period of maximum constraint”

Additional Rate-Setting Feedback

- Consider Advisory Committee on Tolling and Traffic (ACTT) recommendations
- Set freight (truck) rates that minimize diversion to other routes
- General support for keeping rates as low as possible for equity purposes.
- Consider a single initial low toll rate for ease of use.
- Exempt transit vehicles from paying tolls
- Exempt HOV, emergency/incident response, and maintenance vehicles

SR 99 Public Comment Summary

SR 99 Email Feedback - Not Official

July 16, 2018 Update

| | Summary | Overall % | Specific % |
|----------------------------------------|-------------|-------------|------------|
| Opposed (Tolling and/or Tunnel) | 520 | 27% | |
| General Support | 415 | 22% | |
| <i>Not Opposed / Not Specific</i> | 45 | | 11% |
| <i>Options feedback / Not Specific</i> | 370 | | 89% |
| Support by Option | 894 | 46% | |
| <i>Option A</i> | 283 | | 32% |
| <i>Option B</i> | 298 | | 33% |
| <i>Option C</i> | 313 | | 35% |
| Questions | 99 | 5% | |
| Total | 1927 | 100% | |

Most Frequent Comments – Emails & Public Input Meetings

- Keep daily rate structure simple.
- Maintain initial toll rates for as long as possible.
- Tolling and/or rate increases should have end date.

Other Frequent Comments – Emails & Public Input Meetings

- Cap tolls at a lower rate, such as \$1.00.
- Provide breaks for low income and/or senior citizen customers.
- Set rates higher to speed repayment or to align with the Tacoma Narrows Bridge.
- Provide exemptions for high occupancy vehicles and motorcycles.

Comparing SR 99 Toll Rate Options
















Rate Setting Goals and Public Comment

| Category | | Option A | | Option B | | Option C | |
|-------------------------------|------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----------------------------------------------------------------------------------------------------------------------------------------|--|-------------------------------------------------------------------------------------------------------------------------------------------------|--|
| Rate Setting Goals | Meet Financial Obligations | <ul style="list-style-type: none"> Sufficient Steady net revenue | | <ul style="list-style-type: none"> Sufficient Declining net revenue | | <ul style="list-style-type: none"> Sufficient Declining net revenue | |
| | Minimize Diversion Thru June 2020 | <ul style="list-style-type: none"> Low initial rates | | <ul style="list-style-type: none"> Low initial rates Lowest mid-day rate | | <ul style="list-style-type: none"> Low initial rates | |
| | Minimize Diversion Thru June 2025 | <ul style="list-style-type: none"> Up to 5% escalation (\$0.05) Escalation includes overnight & weekends | | <ul style="list-style-type: none"> Up to 25% escalation (\$0.25 - \$0.50) No overnight & weekend escalation | | <ul style="list-style-type: none"> Up to 6.7% escalation (\$0.05 - \$0.10) Escalation includes overnight & weekends | |
| | Reliable/Consistent Customer Experience | <ul style="list-style-type: none"> No significant differences between scenarios for this measure. Exemptions are consistent between scenarios | | | | | |
| Most frequent public comments | Simple Rate Structure or Flat Rate (<i>weekday comparison</i>) | <ul style="list-style-type: none"> Fewest rate changes by time of day (6) 4 rate levels each day | | <ul style="list-style-type: none"> Most rate changes by time of day (8) 4 rate levels each day | | <ul style="list-style-type: none"> 1 additional rate change than Option A (7) 5 rate levels each day | |
| | Maintain initial rates as long as possible | <ul style="list-style-type: none"> 1st increase in July 2022 | | <ul style="list-style-type: none"> Annual increases from July 2020 – 2024 | | <ul style="list-style-type: none"> 1st increase in July 2024 | |
| | End date for tolling and/or escalation | <ul style="list-style-type: none"> Ongoing escalation | | <ul style="list-style-type: none"> Escalation ends in July 2024 | | <ul style="list-style-type: none"> 3 increases completed by July 2034 | |

| | |
|-------|--|
| Best | |
| Worst | |

Comparing SR 99 Toll Rate Options

Addressing Risks

| Category | | Option A | Option B | Option C |
|-----------------|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial Risks | Meets Minimum Debt Service Coverage Requirement | <ul style="list-style-type: none"> Steady net revenue generally meets or exceeds minimum coverage in all years  | <ul style="list-style-type: none"> Declining net revenue Requires set aside of early year surpluses for later annual coverage needs  | <ul style="list-style-type: none"> Declining net revenue Requires set aside of early year surpluses for later annual coverage needs  |
| | Fully Funds Toll R&R | <ul style="list-style-type: none"> Yes (reserve account) 1.15x minimum sufficiency coverage  | <ul style="list-style-type: none"> Yes (reserve account) 1.15x minimum sufficiency coverage  | <ul style="list-style-type: none"> Yes (reserve account) 1.10x minimum sufficiency coverage  |
| | Fully Funds Tunnel R&R* | <ul style="list-style-type: none"> No Largest available balance for partial contribution  | <ul style="list-style-type: none"> No Smaller available balance for partial contribution  | <ul style="list-style-type: none"> No Smallest available balance for partial contribution  |
| | Manages for Ongoing Cost Inflation | <ul style="list-style-type: none"> Sustained increases average 1% per year  | <ul style="list-style-type: none"> Significant escalation in first five years No increases after 2024  | <ul style="list-style-type: none"> 1% per year average escalation over 15 years No increase after 2034  |
| Other Risks | Public Perception | <ul style="list-style-type: none"> + Fewest daily rate changes + Steady escalation - No end-date for escalation  | <ul style="list-style-type: none"> + Lowest mid-day rates + No escalation for overnight/weekend rate - Rapid initial escalation - Most daily rate changes  | <ul style="list-style-type: none"> + Maintains initial rates the longest (thru 2024) - Steepest escalation steps  |

*if required in future

| | |
|-------|-------------------------------------------------------------------------------------|
| Best |  |
| Worst |  |

Tolling Subcommittee Recommendation

- Recommendation: Toll Rate Option A
- Reason for Support:
 - Best addresses financial obligations
 - Limited rate increases during initial years
 - Fewest rate changes each day
 - Long-term escalation not in excess of inflation helps distribute tolling burden over time.

Next Steps: Commission Action

- Select preferred SR 99 Tunnel toll rate schedule for additional public comment.
- Set date and location for final public hearing and action on the SR 99 Tunnel toll rate schedule.
 - Staff Recommendation: October 2018 Commission meeting (October 16-17) in Olympia.

Discussion / Questions

Carl See

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